

Message Text

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ACTION EB-07

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC PRIORITY 4855

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL SYDNEY

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E.O. 11652: N/A

TAGS: EAIR, ENRG, AS

SUBJ: CIVAIR: GOA POLICY ON TIA'S

AVIATION FUEL

REF: (A) STATE 8750; (B) CANBERRA 6911

1. SUMMARY: GOA INDICATES TIA HAS RESOLVED FUEL PROBLEM, ALTHOUGH NOT NECESSARILY AT LOW PRICE NEGOTIATED WITH CHEVRON. GOA SAYS TIA MAY CARRY OUT PREVIOUSLY-APPROVED CHARTER FLIGHTS AND OBTAIN FUEL LOCALLY. SEPARATE DISAGREEMENT BETWEEN GOA AND OIL COMPANIES OVER EXTENDED FUEL CONTRACT REMAINS UNRESOLVED. END SUMMARY.

2. EMBASSY OFFICER HAS CONTACTED DEPARTMENT OF MINERALS AND ENERGY (DME) AND CALTEX OFFICIALS REGARDING PROBLEM OF TRANS-INTERNATIONAL AIRWAYS (TIA) IN SECURING FUEL FOR CHARTER FLIGHTS TO AUSTRALIA REPORTED REF A. CONGEN MELBOURNE HAS ALSO DISCUSSED MATTER WITH AIR TRANSPORT GROUP (ATG), DEPARTMENT OF LIMITED OFFICIAL USE

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TRANSPORT, MELBOURNE.

3. GREY, DME, STATES THAT TIA'S PROBLEM HAS BEEN RESOLVED SINCE DME APPROVED JAN. 16 TIA'S OWN SUGGESTION THAT IT OBTAIN FUEL FROM SHELL, WITH WHICH TIA HAS CONTRACT FOR DELIVERIES IN PERTH AND BRISBANE. GRAY INSISTS DME HAS NEVER TOLD TIA IT WOULD NOT BE ABLE TO OBTAIN FUEL IN AUSTRALIA NOR HAS GOA EVER REFUSED TIA AUTHORITY FOR PREVIOUSLY-APPROVED CHARTER FLIGHTS TO AUSTRALIA. (CHAPMAN OF ATG CONFIRMED LATTER POINT TO CONGEN MELBOURNE.) GRAY STATES THAT GOA HAS NEVER TRIED TO EXERT PRESSURE ON OIL COMPANY THROUGH TIA.

4. AS BACKGROUND, GRAY INDICATED PROBLEM BETWEEN DME AND OIL COMPANIES (CHEVRON, WHICH HAS NO LOCAL REPRESENTATION, AND CALTEX, WHICH ACTS AS CHEVRON'S AGENT IN AUSTRALIA) REMAINS UNRESOLVED. KNOWING FULL WELL THAT GOA REQUIRES COMPANIES TO KEEP DME FULLY INFORMED ON SUCH MATTERS, CHEVRON NEVERTHELESS TRIED TO "EXTEND" A FUEL CONTRACT WITH TIA FOR 50,000 TONS DELIVERY TO AN ADDITIONAL 300,000 TONS AT OLD PRICE WITHOUT CONSULTING DME. COMPANIES THUS TRIED TO PRESENT GOA WITH ACCOMPLISHED FACT DESPITE MINERALS AND ENERGY MINISTER CONNOR'S WELL-KNOWN POLICY THAT NEW AVIATION FUEL CONTRACTS SHOULD BE AT HIGHER "WORLD PRICES" (REF B). CALTEX, AS CHEVRON'S AGENT, SHOULD HAVE PRESENTED EXTENDED CONTRACT TO DME FOR APPROVAL, GRAY SAYS. INSTEAD, DME HAD TO OBTAIN CONTRACT AND PRICE INFORMATION FROM TIA.

5. HOHNSON AND HALLORAN, CALTEX OFFICIALS IN SYDNEY, MAINTAIN THAT CALTEX COULD NOT PROVIDE EXTENDED TIA CONTRACT TO DME FOR APPROVAL SINCE CALTEX HAS NO SUCH CONTRACT. CHEVRON-TIA CONTRACT EXTENSION WAS APPARENTLY NEGOTIATED BY CHEVRON'S LONDON OFFICE AS PART OF GLOBAL PACKAGE INVOLVING DELIVERIES IN SYDNEY PLUS POINTS OUTSIDE AUSTRALIA. CALTEX OFFICIALS STATE IT WAS NOT THEIR RESPONSIBILITY TO CONSULT WITH DME ON CHEVRON CONTRACT AND REITERATE PROBLEMS INVOLVED IN MEETING MINISTER CONNOR'S REQUIREMENT FOR "WORLD PRICES", LIMITED OFFICIAL USE

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WHICH COMPANIES CONSIDER A MYTHICAL CONCEPT, FOR AUST. AVIATION FUEL EXPORTS.

6. EMBASSY COMMENT: IT APPEARS THAT TIA IS NOW ASSURED OF FLYING PREVIOUSLY-APPROVED CHARTER FLIGHTS TO AUSTRALIA AND OBTAINING FUEL LOCALLY, ALTHOUGH NOT NECESSARILY AT LOW PRICES PREVIOUSLY NEGOTIATED WITH CHEVRON. DESPUTE BETWEEN DME AND CALTEX-CHEVRON STILL

UNRESOLVED AS MINERALS AND ENERGY MINISTER CONNOR
CONTINUES TO INSIST ON "WORLD PRICES" FOR AVIATION
FUEL EXPORTS.WE SHALL CONTINUE TO FOLLOW AVIATION
FUEL DEVELOPMENTS.
GREEN

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